

**Services Liberalization in the Doha Round:
U.S. Industry Priorities
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ENERGY SERVICES INDUSTRY PANEL DISCUSSION

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The energy services panel presentations addressed four areas: the value of trade commitments in an energy interdependent world, barriers to trade in electricity services and WTO solutions, regulatory implementation from the perspective of power developers, and trade in oil and gas exploration and development services.

As a result of the discussion, the panelists expressed the view that:

- The energy services sector is vital to the development and delivery of energy to the market.
- The energy services sector represents a wide range of activities from initial geological, geophysical and other prospect identification work to project management for drilling, production, transportation and power generation.
- Competition in the energy services sector is essential for economic efficiency as well as energy efficiency.
- The global energy market and its interdependence continue to grow.
- Commitments by governments to the energy services sector must provide transparency, remove or limit restrictions to market access and national treatment, and encourage fair and consistent domestic regulations.
- The greatest challenge facing the U.S. Government in this sector is to convince countries to make commitments.

The panelists expressed views regarding the on-going GATS services negotiations, including:

- An independent regulatory body is needed to objectively and successfully implement the commitments and rule of law
- It is essential that micro issues/situations are addressed as well as broader structural issues. For example, in many countries parastatals are the entities with which private companies must interact. These entities in many cases act also as the regulator and present barriers to doing business such as requiring local content, certification, and temporary entry restrictions
- Structural issues must be addressed, such as government procurement and non-discrimination in investment.

- The renewable energy sector is an emerging growth area that needs to be recognized and promoted.
- While the state-to-state dispute resolution mechanisms of the WTO are crucial to ensuring that countries meet their WTO commitments, it is also crucial that the United States insists on strong investor-state dispute resolution provisions in bilateral investment treaties and in all trade agreements. Such provisions, including the right to international arbitration of investor-state disputes, complement the WTO mechanisms and provide confidence that within WTO countries and others there will be fair and equitable resolution of disputes. Such confidence contributes to maximum trade and investment attractiveness.

Highlights of views expressed during the panel presentations included:

Electric power is the most highly regulated sector. It is often the monopoly supplier in every segment of the business (generation, transmission, distribution and marketing). Competition will provide more opportunity for more economical services.

Large independent oil and gas exploration and production companies are increasingly sought by governments, national oil companies and other private sector companies as investors and/or partners in resource identification and extraction around the world. Like their major integrated oil company counterparts, they bring technology, capital, and project management expertise to the countries in which they operate. Independent oil and gas companies are significant users of energy services, and it is as important to them to be able to contract with those who compete to provide services on the bases of cost and capability, and who have unconstrained flow of people and equipment necessary for them to fulfill their contracts.

For the renewable sector, independent power projects, including renewable projects, are users of energy services. Renewables and clean energy technologies are a growing sector. There needs to be a clear understanding of the commercial rules to implement renewables without barriers to services such as barriers to gathering geological and seismic data for wind resources and limited access to the grid.